

Message Text

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AMEMBASSY OTTAWA

C O N F I D E N T I A L PORT AU PRINCE 1652

E.O. 11652: GDS
TAGS: EAID CA HA
SUBJ: CANADIAN EMBASSY FOLLOW-UP ON WHEAT

REF: OTTAWA 2112

1. CANADIAN CHARGE MARSHALL SPOKE WITH DCM AND AID DIRECTOR APRIL 26 PURSUANT TO INSTRUCTIONS RECEIVED FROM OTTAWA ON THE CANADIAN GOVERNMENT'S POSITION PERTAINING TO WHEAT AND TITLE III. MS. MARSHALL SAID THE CANADIAN GOVERNMENT WAS OPPOSED TO THE U.S. REQUEST THAT CANADA GIVE UP ITS WHEAT SALES TO HAITI. IT OPPOSED THIS REQUEST BECAUSE IT WOULD DISRUPT THE MARKET WHICH THE CANADIANS HAD WORKED HARD TO BUILD UP AND FOR WHICH A FLOUR MILL HAD BEEN ESTABLISHED. THE MOVE WAS ALSO CONTRARY TO THE INTERNATIONAL WHEAT AGREEMENT. MOREOVER, MS. MARSHALL INDICATED THAT THIS WAS A PARTICULARLY DIFFICULT REQUEST TO ACCEDE TO BECAUSE IT TOUCHED THE POLITICALLY VERY SENSITIVE CANADIAN WHEAT GROWERS' INTEREST. IN ADDITION TO THE CANADIAN GOVERNMENT'S CONCERN AT THE IMPACT THE U.S. REQUEST WOULD HAVE ON ITS WHEAT SALES, THE CANADIAN GOVERNMENT WAS RELUCTANT TO CONSIDER IMPOSING TITLE III TYPE CONDITIONS ON THE EXTENSION OF ASSISTANCE. NO SUCH CONDITIONS WERE ATTACHED TO CANADIAN ECONOMIC ASSISTANCE ACTIVITIES, AND THE CANADIAN GOVERNMENT COULD NOT CONTEMPLATE IMPOSING THEM IN A BILATERAL CONTEXT, EVEN IN THE COMPANY
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OF THE U.S. IT COULD CONSIDER SUPPORTING SIMILAR CONDITIONS WITHIN A MULTILATERAL CONTEXT.

2. THE DCM REPLIED THAT WE HAD BEEN MADE AWARE OF THE SUBSTANCE OF WHAT MS. MARSHALL HAD TO TELL US BY THE REPORT OF THE DISCUSSIONS IN OTTAWA (REFTEL). WE REGRETTED THE CANADIAN GOVERNMENT'S DECISION NOT TO PARTICIPATE IN OUR

PROPOSAL TO INCREASE ASSISTANCE TO HAITI THROUGH THE WHEAT MARKET. MOREOVER, WE CONSIDERED THAT THE GOC'S CONCERN TO MULTILATERALIZE THE CONDITIONS HAD ALREADY BEEN ANSWERED IN THAT (A) ALL DONORS HAD SUPPORTED ESSENTIALLY THE SAME CONDITIONS IN PREVIOUS JOINT COMMISSION MEETINGS; (B) THE FISCAL REFORM CONDITIONS WERE BEING TIED TO A NEW IMF PACKAGE; AND (C) THE CONDITIONS WOULD FORM THE PRINCIPAL ELEMENT OF THE AGENDA OF THE FORTHCOMING JOINT COMMISSION MEETING.

3. AID DIRECTOR HARRISON NOTED THAT IN THE DONOR MEETING HELD IN PORT AU PRINCE ONLY A WEEK AGO, THERE WAS A FULL CONSENSUS IN SUPPORT OF THE CONDITIONS PROPOSED BY THE U.S. AND IMF. WITH REFERENCE TO THE PROTECTION OF COMMERCIAL MARKETS, THE U.S. HAD HAD TO FACE A DECISION SIMILAR TO CANADA'S IN THE VEGETABLE OIL MARKET WHERE WE HAD A VIRTUAL COMMERCIAL MONOPOLY, AND IN OUR SHARE OF THE WHEAT MARKET. WE HAD OPTED TO ASSIST HAITI BY SHIFTING FROM COMMERCIAL SALES TO A GRANT. IN VIEW OF THE CANADIAN GOVERNMENT'S READINESS TO CONSIDER DEBT FORGIVENESS FOR THE POOREST COUNTRIES, WE HAD BEEN SURPRISED THAT THE CANADIAN GOVERNMENT WOULD PUT SUCH A HIGH PRIORITY ON PRESERVING A COMMERCIAL WHEAT MARKET IN THIS POOREST COUNTRY IN THE HEMISPHERE. MS. MARSHALL NOTED THAT THE CANADIAN GOVERNMENT COULD CONSIDER PARTICIPATING IN THIS PROPOSAL ONLY IF IT WERE EXPECTED TO LEAD TO AN INCREASE IN WHEAT SALES. MR. HARRISON COMMENTED
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THAT THE QUESTION WAS BASICALLY ONE OF THE RELATIVE PRIORITIES OF DEVELOPMENT VERSUS COMMERCIAL OBJECTIVES IN HAITI.
JONES

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